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RUEHGB/AMEMBASSY BAGHDAD PRIORITY 0901  
RUEHLB/AMEMBASSY BEIRUT PRIORITY 4958  
RUEHEG/AMEMBASSY CAIRO PRIORITY 3685  
RUEHDO/AMEMBASSY DOHA PRIORITY 0503  
RUEHLO/AMEMBASSY LONDON PRIORITY 0436  
RUEHFR/AMEMBASSY PARIS PRIORITY 0439  
RUEHTV/AMEMBASSY TEL AVIV PRIORITY 2183  
RUEAIIA/CIA WASHDC PRIORITY  
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY  
RHEFDIA/DIA WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY

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SIPDIS

STATE FOR NEA/ELA; NSC FOR ABRAMS/GAVITO

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TAGS: [EAIR](#) [ETRD](#) [PGOV](#) [PTER](#) [SY](#) [FR](#)  
SUBJECT: FRENCH-SYRIAN ECONOMIC INITIATIVES STRUGGLE TO  
KEEP PACE WITH POLITICAL THAW

REF: DAMASCUS 438

Classified By: Charge d'Affaires Michael Corbin for reasons 1.4(b,d)

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Summary  
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11. (C) As Bashar prepares to visit Paris on July 12-14, French and Syrian officials are discussing potential economic initiatives to flesh out the political agenda of a new phase in bilateral relations. The French Embassy confirmed that the GOF has invited a Syrian business delegation to Paris later this month, but expressed frustration at the Syrian head of delegation's unwillingness to delve into details. One initiative under discussion is France's desire to resuscitate Syria's EU Association Agreement, an idea that prompts lukewarm Syrian reaction at best. For its part, the SARG raised the sale of new Airbus aircraft to Syrian Air as a high priority on its wish-list to the Elysee, although French officials in Damascus assure Post that no such deal is in the works. As Syria's economy continues to sputter, Syria's business community will be looking for concrete deals to emerge from French engagement. End summary.

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DPM Dardari to go to Paris  
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12. (C) Head of the French Trade and Economic Mission to Syria Philippe Galli (protect) confirmed that Deputy Prime Minister (DPM) for Economic Affairs Abdallah Dardari had been offered an invitation to visit France July 21-22 as a result of FM Muallem's recent meetings in Paris, and as part of the road map to be approved by Sarkozy and Assad next week. Galli claimed that he was responsible for building Dardari's schedule, and expressed frustration that Dardari's office had so far been unwilling to even discuss ideas for the trip until Dardari returns from Spain. Galli said that while it was possible that Dardari would want to bring a delegation of Syrian businessmen with him to France, he had received no such request yet.

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Sarkozy likely to offer EU Association Agreement

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13. (C) Galli said that he fully expected President Sarkozy to use France's Presidency of the EU to move Syria's accession into the EU Association Agreement forward. Galli dismissed the EU Association Agreement as an inexpensive political carrot that Sarkozy could offer Asad. He claimed that the agreement would have little practical impact on the Syrian economy beyond increasing low-level "technical cooperation." Our Syrian contacts traditionally have reacted negatively towards any mention of the EU Association Agreement, but now some are warming up to the idea. The problem remains, however, that the Agreement's 2004 framework is out-of-date and would have to be amended to reflect Syria's substantial trade reforms over the past two years. (Note: A Turkish diplomat told us that Turkey viewed Syrian acceptance into the EU Association positively, in that it would strengthen Syrian institutions and open the door for "legitimate" Western businesses to enter )- which he claimed would be better for Turkish business in Syria than competing in an unregulated way with Russian and Chinese businesses. End note.)

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French Ambassador Responsible for Airbus Rumor  
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14. (C) Many Syrian business contacts are wrongly convinced that Sarkozy will also soon offer new Airbus aircraft for sale to Syrian Arab Airlines (SyrianAir). Galli told us that the French Ambassador in Damascus was probably inadvertently responsible for this rumor. Galli explained that DPM Dardari

had recently raised this issue with the French Ambassador, who promised to look into it -- without understanding the legal reasons that such a deal would be impossible. Galli, a member of the French Foreign Commercial Service, said he was sure the GOF would not give Airbus the green light to sell new or secondhand aircraft to SyrianAir in clear violation of U.S. sanctions.

15. (C) During our meeting with Galli, the diplomat telephoned the local French representative of Airbus and confirmed that that the rumor was bogus. Furthermore, the Airbus representative claimed no knowledge of the recently reported story that the Emir of Qatar had given President Asad an Airbus for official travel. Galli said that as the Airbus rep's office is located at the Damascus airport, he would have certainly noticed any new Airbus aircraft being stored there.

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French Trade Slow to Change Course  
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16. (C) When asked if Sarkozy's new approach to Syria had resulted in increased French commercial inquiries to his office, Galli said that for now, French investors are maintaining a wait-and-see approach towards Syria that would likely not change until late 2009. Galli explained that French trade with Syria had dropped by 40 percent in 2007 as part of the continuing fallout of Chirac's isolation policy dating from the Hariri assassination. He characterized French investors as more cautious than their British and German counterparts, and used a recent experience with French-made train locomotives in Syria to justify their caution. Galli said that the Syrian government is suing the French manufacturer of these train locomotives because so many of them have been rendered inoperable due to maintenance problems. Galli claimed that the locomotives are high quality, but require competent, regular preventive maintenance that the Syrian operators failed to provide.

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Comment  
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17. (C) The new French approach to Syria has yet to include an

economic component beyond the EU Association Agreement. On the part of the SARG, there seems little organized effort to match on the business side what is clearly a PR-focused political push by Bashar (septel).

CORBIN